1986 FINANCIAL REPORT

CITY OF SCARBOROUGH

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1986

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CITY OF SCARBOROUGH

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MUNICIPAL COUNCIL FOR 1987

Mayor	G. Harris
Controller	K. Morrish
Controller	J. Trimmer
Controller	F. Faubert
Controller	B. Belfontaine
Alderman - Ward 1	H. Barron
Alderman - Ward 2	G. Altobello
Alderman - Ward 3	J. Wardrope
Alderman - Ward 4	K. Christensen
Alderman - Ward 5	M. Mushinski
Alderman - Ward 6	F. Cruickshank
Alderman - Ward 7	B. Ashton
Alderman - Ward 8	S. M. Eidt
Alderman - Ward 9	J. Mackie
Alderman - Ward 10	M. Prinsloo
Alderman - Ward 11	S. Cavalier
Alderman - Ward 12	D. Mahood
Alderman - Ward 13	B. Sanders
Alderman - Ward 14	E. Montgomery

DEPARTMENT HEADS - 1987

Senior Commissioner/Associate Clerk	J. J. Poots
City Clerk	J. W. Nigh
Treasurer and Commissioner Finance and Management Services	D. R. Creech
Executive Director of Economic Development	F. Miele
Planning Commissioner	K. J. Whitwell
Works Commissioner	R. K. Brown
Recreation and Parks Commissioner	B. F. Fleury
Commissioner of Buildings	G. H. Fleming
Commissioner of Maintenance and Construction	D. O'Leary
Personnel Commissioner	J. G. Griffin
Medical Officer of Health	Dr. E. K. Fitzgerald
Fire Chief	W. E. Wretham
City Solicitor	J. R. Ratchford

BOARDS AND COMMISSIONS - 1987

Scarborough Public Library Board	S. Hunt, Chairman
Scarborough Board of Health	J. Sayer, Chairman
Scarborough Committee of Adjustment	L. P. Brown, Chairman
Scarborough Public Utilities Commission	D. A. Beatty, Chairman
Scarborough Historical Museums Board	F. Faubert, Chairman
The Birch Cliff Village Business Improvement Area	A. Velletta, Chairman
The Cliffside Village Business Improvement Area	S. Rutman, Chairman

CITY OF SCARBOROUGH
SEVEN YEAR FINANCIAL REVIEW (PAGE 1) (NOT SUBJECT TO AUDIT)
(AMOUNTS IN THOUSANDS)

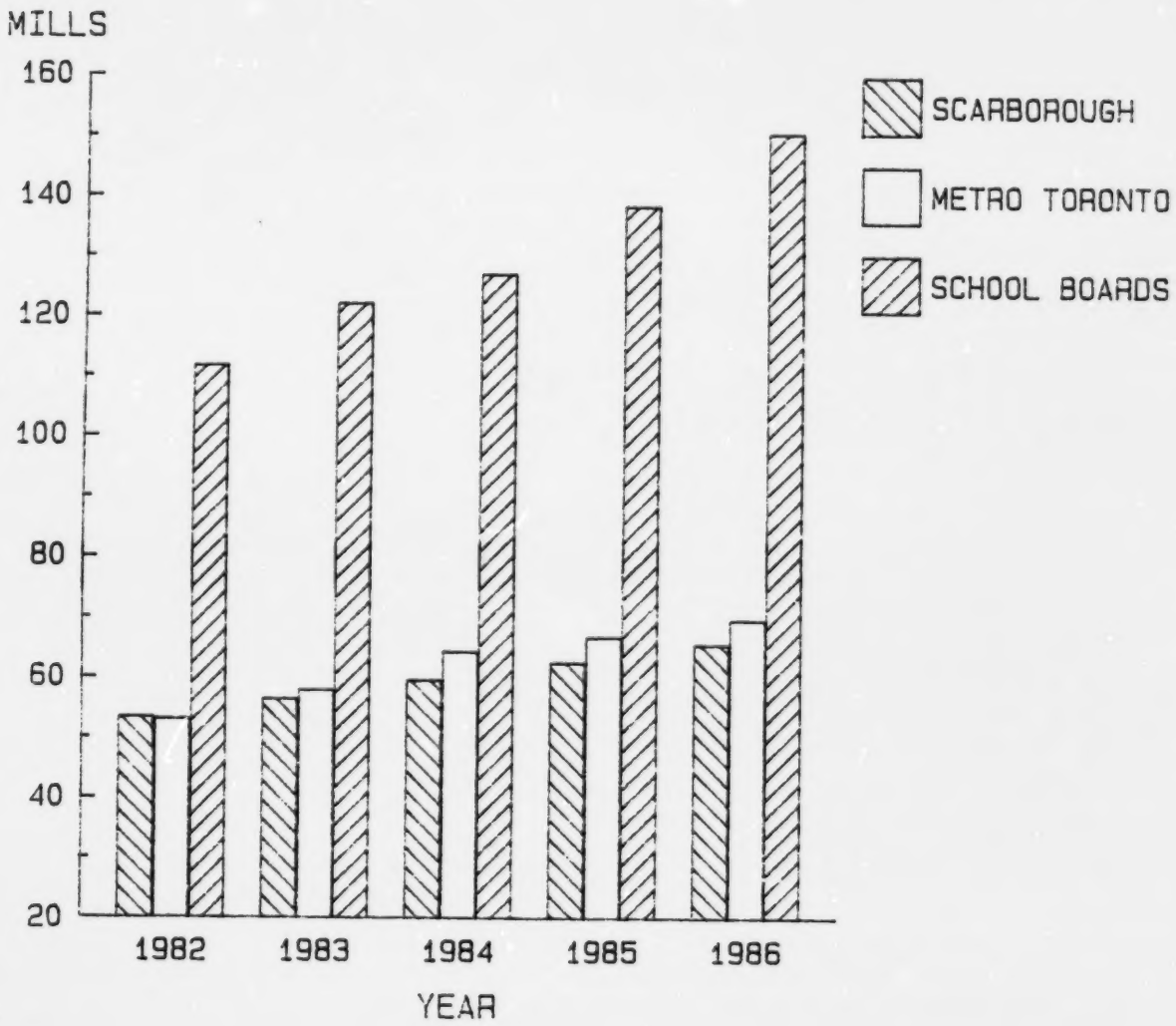
	1986	1985	1984	1983	1982	1981	1980
ASSESSMENT (TAXABLE)							
Residential and Farm	821,714	811,291	790,815	763,925	743,938	722,068	713,904
Commercial and Industrial	312,569	295,393	288,335	281,084	274,270	261,134	250,470
Business	148,566	141,155	137,965	134,416	132,159	125,198	120,672
Total	1,282,849	1,247,839	1,217,115	1,179,425	1,150,367	1,108,400	1,085,046
% Increase over Previous Year	2.8%	2.5%	3.2%	2.5%	3.8%	2.2%	5.9%
RATES OF TAXATION							
Residential and Farm							
General Municipal	65.76	62.69	59.74	56.53	53.51	48.73	44.62
Metro Toronto	69.84	66.92	64.47	58.05	53.19	48.49	44.50
School Boards	150.60	138.51	127.12	122.18	111.81	97.74	88.78
Total	286.20	268.12	251.33	236.76	218.51	194.96	177.90
% Increase over Previous Year	6.7%	6.7%	6.2%	8.4%	12.1%	9.6%	5.2%
Commercial and Industrial							
General Municipal	77.36	73.75	70.28	66.51	62.95	57.33	52.49
Metro Toronto	82.17	78.73	75.85	67.92	62.58	57.05	52.35
School Boards	177.18	162.95	149.56	143.75	131.55	115.00	104.45
Total	336.71	315.43	295.69	278.18	257.08	229.38	209.29
% Increase over Previous Year	6.7%	6.7%	6.3%	8.2%	12.1%	9.6%	8.2%
TRANSFERS TO METRO TORONTO	103,389	96,231	90,314	78,752	70,714	62,798	56,502
% Increase over Previous Year	7.4%	6.6%	14.7%	11.4%	12.6%	11.1%	14.3%
TRANSFERS TO SCHOOL BOARDS	220,031	196,268	175,808	163,614	146,453	124,686	110,910
% Increase over Previous Year	12.1%	11.6%	7.5%	11.7%	17.5%	12.4%	14.4%
RESERVES AND RESERVE FUNDS (YEAR END BALANCES)							
Reserves	7,192	6,942	6,692	6,455	5,825	5,240	4,800
Reserve Funds	40,118	39,379	42,342	41,773	39,830	36,706	30,219
Total	47,310	46,321	49,034	48,228	45,655	41,946	35,019
ACCUMULATED NET REVENUE - END OF YEAR							
City	4,654	4,511	5,680	6,188	5,198	6,697	2,792
Library	288	215	105	42	119	176	14
Special Charges	857	942	986	1,029	958	1,013	907
Business Improvement Areas	25	34	52	34	11	2	(4)
Museum Board	9	-	-	-	-	-	-
Total	5,833	5,702	6,823	7,293	6,286	7,888	3,709

CITY OF SCARBOROUGH
SEVEN YEAR FINANCIAL REVIEW (PAGE 2) (NOT SUBJECT TO AUDIT)
(AMOUNTS IN THOUSANDS)

REVENUE FUND	1986	1985	1984	1983	1982	1981	1980
Revenues							
Taxation	94,532	87,546	81,394	74,722	69,196	61,343	55,164
Payments in Lieu	12,607	12,607	11,606	10,882	9,884	9,292	6,447
Ontario Grants	20,997	20,599	20,384	19,775	19,796	15,702	12,509
Other Grants	618	490	704	470	396	190	130
Fees and Service Charges	8,203	5,977	5,545	4,930	4,377	4,099	3,176
Investment Income	6,928	6,204	6,515	4,669	5,864	6,173	3,313
Other	12,760	10,853	9,809	13,388	11,463	10,932	9,541
Total	156,645	144,276	135,957	128,836	120,976	107,731	90,280
% Increase over Previous Year	8.6%	6.1%	5.5%	6.5%	12.3%	19.3%	14.4%
Expenditures							
General Government	19,689	17,287	15,117	15,056	17,137	13,761	11,367
Protection to Persons & Property	30,501	28,159	26,280	25,105	23,280	20,642	18,057
Transportation Services	29,202	28,452	26,409	26,071	25,043	20,843	18,278
Environmental Services	16,567	16,307	15,719	16,878	16,442	12,836	11,915
Health Services	8,019	7,581	7,030	6,332	5,815	5,035	4,318
Recreation & Cultural Services	37,360	37,362	34,889	34,191	30,804	26,976	23,200
Planning and Development	5,337	5,400	5,091	4,217	4,008	3,462	2,687
Other	79	40	3	3	3	3	-
Total	146,754	140,588	130,538	127,853	122,532	103,558	89,822
% Increase over Previous Year	4.4%	7.7%	2.1%	4.3%	18.3%	15.3%	14.1%
CAPITAL FUND							
Revenues							
Contributions from own funds	18,046	16,608	13,656	13,842	13,249	10,529	7,799
Long-term liabilities incurred	2,915	2,939	1,251	5,827	4,544	9,080	15
Ontario Grants	6,064	4,949	4,587	3,810	3,336	3,485	4,791
Other	1,134	2,796	4,216	2,191	6,899	6,250	1,373
Total	28,159	27,292	23,710	25,670	28,028	29,344	13,978
Expenditures	24,311	29,031	26,760	23,079	23,748	24,774	17,338
Unfinanced Capital Outlay at Beginning of Year	3,874	2,135	(915)	1,676	5,955	10,525	7,166
Unfinanced Capital Outlay at End of Year	26	3,874	2,135	(915)	1,676	5,955	10,525

CITY OF SCARBOROUGH

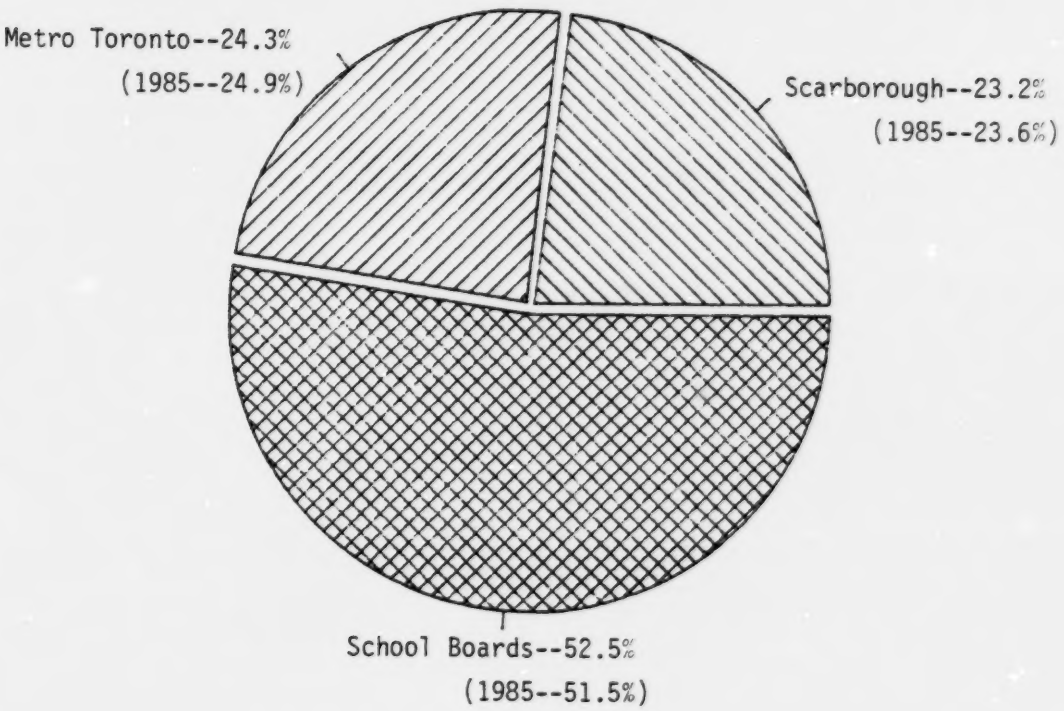
RESIDENTIAL MILL RATE COMPOSITION



Residential Mill Rate

	1982	1983	1984	1985	1986
Scarborough	53.51	56.53	59.74	62.69	65.76
Metro Toronto	53.19	58.05	64.47	66.92	69.84
School Boards	111.81	122.18	127.12	138.51	150.60
	218.51	236.76	251.33	268.12	286.20

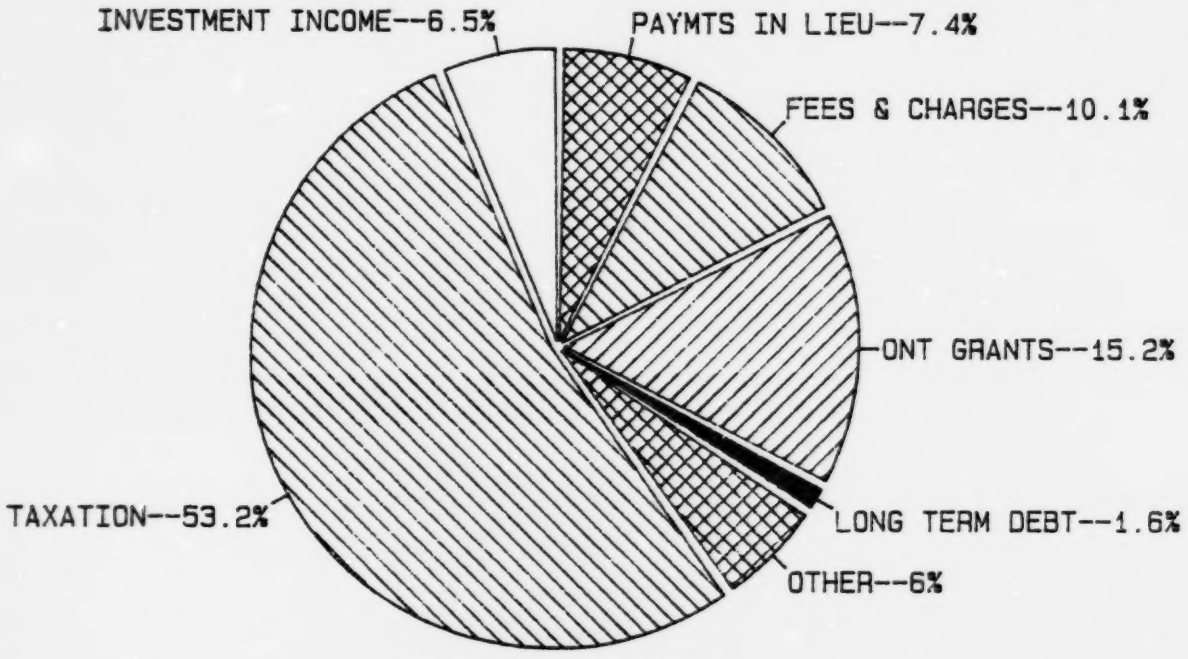
CITY OF SCARBOROUGH
1986
ALLOCATION OF PROPERTY TAXES



Scarborough	$ 94,531,641
Metro Toronto	$ 99,305,415
School Boards	$214,106,163
	$407,943,219

CITY OF SCARBOROUGH
1986 OPERATIONS
CURRENT, CAPITAL, & RESERVE FUNDS

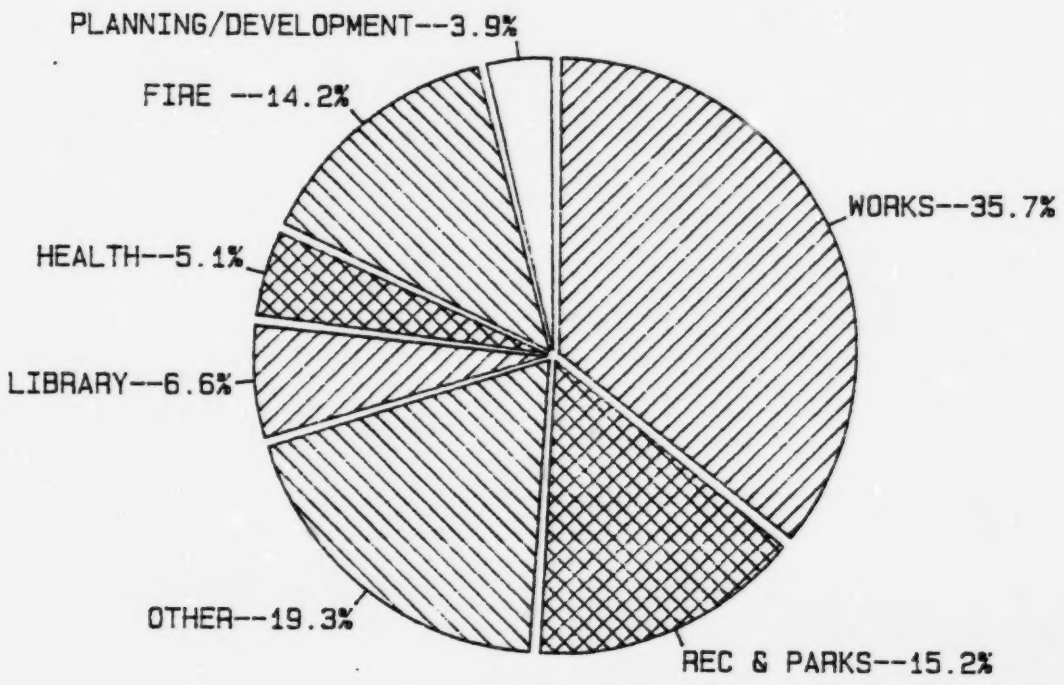
WHERE IT COMES FROM



Taxation	- $	94,532,000
Payments in Lieu	- $	13,174,000
Ontario Grants	- $	27,060,000
Fees & Special Charges	- $	17,904,000
Investment Income	- $	11,638,000
Long Term Debt	- $	2,915,000
Other	- $	10,638,000
	$	177,861,000

CITY OF SCARBOROUGH
1986 OPERATIONS
CURRENT, CAPITAL, & RESERVE FUNDS

WHERE IT GOES



Works	- $ 63,564,000
Fire	- $ 25,210,000
Recreation & Parks	- $ 27,091,000
Library	- $ 11,783,000
Health	- $ 9,146,000
Planning & Develop.	- $ 6,950,000
Other	- $ 34,117,000
	$ 177,861,000

THE CORPORATION OF THE CITY OF SCARBOROUGH

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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Deloitte
Haskins+Sells

Chartered Accountants

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Scarborough, Ontario M1B 3C6
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Cable DEHANDS

AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of
the City of Scarborough

We have examined the consolidated balance sheet of the Corporation of the City of Scarborough, as at December 31, 1986, and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of the City of Scarborough as at December 31, 1986, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in Note 1 to the consolidated financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 20, 1987.

CITY OF SCARBOROUGH
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1986

	1986 $	1985 $
ASSETS		
UNRESTRICTED		
Cash	1,492,567	740,852
Investments (Note 5)	12,432,065	14,224,175
Taxes receivable (Note 3)	10,776,746	9,195,438
User charges receivable	102,564	262,914
Accounts receivable	6,271,726	5,299,110
Inventories and Supplies at Cost	1,399,009	1,356,885
Underlevies and other Receivables	749,249	584,596
	33,223,926	31,663,970
RESTRICTED		
Cash	100	100
Investments (Note 5)	40,506,253	39,770,067
	40,506,353	39,770,167
CAPITAL OUTLAY FINANCED BY LONG-TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS (Note 1(b))	30,926,828	34,325,490
	104,657,107	105,759,627
LIABILITIES		
Temporary loans	-	3,206,203
Accounts payable and accrued liabilities	15,973,091	15,169,821
Deferred Revenue	4,640,141	4,908,658
	20,613,232	23,284,682
Net Long-Term Liabilities (Note 8)	30,926,828	34,325,490
	51,540,060	57,610,172
FUND BALANCE AT THE END OF THE YEAR		
To be used to offset taxation or user charges in 1987	5,833,430	5,702,779
Capital operations not yet permanently financed (Note 9)	(26,433)	(3,874,419)
Reserves (Note 10)	7,192,298	6,942,298
Reserve funds (Note 10)	40,117,752	39,378,797
	53,117,047	48,149,455
	104,657,107	105,759,627

The accompanying notes are an integral part of this financial statement.

CITY OF SCARBOROUGH

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 1986

SOURCES OF FINANCING	ACTUAL 1986 $	ACTUAL 1985 $
TAXATION AND USER CHARGES		
Residential and farm taxation	236,754,528	216,764,970
Commercial, industrial and business taxation	171,188,691	153,894,205
Taxation from other governments	23,183,200	21,992,445
User charges	17,904,171	16,489,555
GRANTS		
Government of Canada	293,532	1,024,171
Province of Ontario	27,060,468	25,547,951
Other municipalities	638,590	628,825
OTHER		
Contributions from developers	5,345,300	5,564,871
Investment income	11,638,182	10,911,620
Penalties, fines and other	1,288,973	1,824,736
Sale of land	1,242,671	419,144
Deduct: Amounts received or receivable on behalf of:		
The Municipality of Metropolitan Toronto (Note 2)	(103,389,391)	(96,230,871)
Metropolitan Toronto School Boards (Note 2)	(220,031,358)	(196,268,210)
Proceeds from the issue of long-term liabilities	2,915,123	2,939,224
Net appropriations from reserves and reserve funds		1,285,391
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR (Note 9)		
To be used to offset taxation and user charges	5,702,779	6,823,159
Capital operations not yet permanently financed	(3,874,419)	(2,135,445)
Total financing available during the year	177,861,040	171,475,741

The accompanying notes are an integral part of this financial statement.

APPLIED TO	ACTUAL 1986 $	ACTUAL 1985 $
CURRENT OPERATIONS (Notes 11, and 13)		
General government	19,689,489	17,314,880
Protection to persons and property	30,500,809	28,159,205
Transportation services	29,201,659	28,451,863
Environmental services	16,567,109	16,307,248
Health services	8,018,940	7,580,520
Recreation and cultural services	37,360,259	37,366,233
Planning and development	5,336,968	5,396,633
Other	78,655	39,765
	146,753,888	140,616,347
CAPITAL OPERATIONS		
General government	1,807,586	1,472,216
Protection to persons and property	455,083	1,110,418
Transportation services	9,350,754	9,108,741
Environmental services	8,443,983	9,475,650
Health services	1,126,632	4,492,847
Recreation and cultural services	1,513,742	2,518,251
Planning and development	1,613,420	852,911
	24,311,200	29,031,034
Net appropriations to reserves and reserve funds	988,955	
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (Note 9)		
To be used to offset taxation and user charges	5,833,430	5,702,779
Capital operations not yet permanently financed	(26,433)	(3,874,419)
Total applications during the year	177,861,040	171,475,741

CITY OF SCARBOROUGH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of Scarborough are the representation of Management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

a) i) Basis of Consolidation

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards which are under the control of Council:

Scarborough Board of Health
Scarborough Public Library Board
The Birch Cliff Village Business Improvement Area
The Cliffside Village Business Improvement Area
Scarborough Historical Museums Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between the reserve funds and any other fund of the Municipality and the resulting interest income and expenditures.

ii) Non-Consolidated Entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated.

Public Utilities Commission of the City
of Scarborough - Water Utility
- Electric Utility

iii) Accounting for Region and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the Metropolitan Toronto School Boards and the Municipality of Metropolitan Toronto are not reflected in the Municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the Consolidated Balance Sheet as "other current liabilities" ("other current assets").

iv) Trust Funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

b) Basis of Accounting

i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid.

ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

iii) Fixed Assets

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.

iv) Capital Outlay to be Recovered in Future Years

"Capital outlay to be recovered in future years," which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet."

2. OPERATIONS OF THE METROPOLITAN TORONTO SCHOOL BOARDS AND THE MUNICIPALITY OF METROPOLITAN TORONTO

Further to note 1(a) (iii), the taxation, other revenues, expenditures and overlevies (underlevies) of the Metropolitan Toronto School Boards and The Municipality of Metropolitan Toronto are comprised of the following:

	METROPOLITAN TORONTO SCHOOL BOARDS $	THE MUNICIPALITY OF METROPOLITAN TORONTO $
Taxation and user charges	220,031,358	103,389,391
Requisitions	220,102,620	103,395,799
Underlevies for the year	(71,262)	(6,408)
Underlevies at the beginning of the year	(67,849)	(7)
Underlevies at the end of the year	(139,111)	(6,415)

3. TAXES RECEIVABLE

The taxes receivable totalling $10,776,746 (1985 - $9,195,438) represent uncollected taxes billed for the following purposes:

	1986 $	1985 $
General Municipal	2,476,166	2,149,142
The Municipality of Metropolitan Toronto	2,629,797	2,295,163
Metropolitan Toronto School Boards	5,670,783	4,751,133
	10,776,746	9,195,438

Total taxes receivable include $3,750,781 (1985 - $2,082,643) in supplementary taxes levied with due dates after December 31.

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to $35,029,838 (1985 - $30,264,971) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

5. INVESTMENTS

The total investments of $52,938,318 (1985 - $53,994,242) reported on the "Consolidated Balance Sheet" at cost, have a market value of $54,793,389 (1985 - $55,542,292) as at the end of the year.

5. INVESTMENTS (CONT'D)

	1986		1985	
	COST $	MARKET VALUE $	COST $	MARKET VALUE $
Investments - unrestricted	12,432,065	12,517,814	14,224,175	15,041,674
- restricted	40,506,253	42,275,575	39,770,067	40,500,618
	52,938,318	54,793,389	53,994,242	55,542,292

6. LIABILITY FOR PAST SERVICE PROVISION OF PENSION AGREEMENTS

Under the past service provision of pension agreements, the Municipality is obligated at December 31, 1986, for an amount of approximately $9,564,405 (1985 - $14,108,127) as established for the plans. No provision has been made for this liability. The balance of this liability will be funded by annual payments of $1,362,950 from 1987 until 1992, annual payments of $213,061 from 1993 until 1997, and annual payments of $160,700 in 1998 and 1999. An amount of $1,655,928 (1985 - $1,803,767) has been provided for in the current year and is reported on the "Consolidated Statement of Operations."

During 1986 the liability previously reported was substantially reduced as a result of the adoption of an actuarial recommendation to use the employers' portion of the surplus in the plan to reduce the employers' future payments for unfunded liabilities in 1987 and future years.

7. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to $12,649,429 (1985 - $12,365,388) at the end of the year. An amount of $335,000 was provided in 1986 and similar amounts will be provided annually in the years 1987 to 1990 to establish a reserve fund to minimize the effect of exceptionally large payments in any given year. The 1986 provision together with interest earned amounted to $351,922 at year end.

8. NET LONG-TERM LIABILITIES

	1986 $	1985 $
a) The balance of the net long-term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
The Municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year, the principal amount of this liability is	60,701,452	67,133,621

8. NET LONG-TERM LIABILITIES (CONT'D)

Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of	(3,235,952)	(4,086,003)
The total value of sinking funds and the balance in the Ministry of the Environment Debt Retirement Fund which have been accumulated to the end of the year to retire the outstanding long-term liabilities included above, amount to	(26,538,672)	(28,722,128)
Net long-term liabilities at the end of the year	30,926,828	34,325,490

b) Of the net long-term liabilities reported in (a) of this note, $21,850,029 in principal payments are payable from 1987 to 1991, $8,861,597 from 1992 to 1996 and $215,202 thereafter and are summarized as follows:

	1987 to 1991 $	1992 to 1996 $	1997 and Thereafter $
From General Municipal Revenues	18,986,622	7,482,954	
From Benefitting Landowners	2,863,407	1,378,643	215,202
	21,850,029	8,861,597	215,202

c) Included in "Net long-term liabilities" on the "Consolidated Balance Sheet" is an amount of $7,939,853 (1985 - $10,381,730) payable in U.S. currency, which is converted into Canadian dollars at the rate of exchange prevailing when the liability was incurred. If the liability is converted into Canadian Dollars at the exchange rate prevailing at December 31, 1986 the liability would be increased by $1,582,375 (1985 - $2,138,736).

d) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities in (a) issued in the name of the Municipality.

8. NET LONG-TERM LIABILITIES (CONT'D)

e) The Municipality is contingently liable for long-term liabilities with respect to shoreline property assistance loans, and for those for which the responsibility for the payment of principal and interest has been assumed by The Public Utilities Commission of The City of Scarborough. The total amount outstanding as at December 31, 1986 is $3,235,952 (1985 - $4,086,003) and is not recorded on the "Consolidated Balance Sheet."

9. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

a) The balances on the "Consolidated Statement of Operations" of the Municipal Equity of $5,806,997 (1985 - $1,828,360) at the end of the year are comprised of the following:

	1986 $	1985 $
- for general reduction of taxation or user charges in 1986	4,976,511	4,760,571
- for benefitting landowners related to special charges	856,919	942,208
	5,833,430	5,702,779
- capital operations not yet permanently financed	(26,433)	(3,874,419)
	5,806,997	1,828,360

b) Approval of the Ontario Municipal Board has been obtained for the pending issue(s) of long-term liabilities and for those commitments to be financed from revenues beyond the term of Council.

10. RESERVES AND RESERVE FUNDS

The total balances of reserves and reserve funds of $7,192,298 (1985 - $6,942,298) and $40,117,752 (1985 - $39,378,797) respectively, are made up of the following:

	1986 $	1985 $
Reserves set aside for specific purpose by Council		
Working Capital	7,192,298	6,942,298
Total reserves	7,192,298	6,942,298

	1986 $	1985 $
Reserve funds set aside for specific purpose by Council		
Equipment replacement	6,567,116	6,347,614
Employee benefits	2,438,631	2,383,574
Parking	385,240	155,134
Debt retirement	718,407	947,984
Land purchases	1,837,390	2,302,497
Self insurance	20,104	13,575
Town Centre programs	17,031	15,544
Debenture debt reduction	1,546,877	411,682
Civic Centre expansion	2,333,119	2,414,286
Vested sick leave benefits	351,922	-
Racquet sports	105,323	96,843
	16,321,160	15,088,733

	1986 $	1985 $
Reserve funds set aside for specific purpose by legislation, regulation or agreement		
Sewer impost	8,393,244	10,144,625
Parks	6,724,274	5,316,686
Parks development	2,051,358	2,189,178
Cash-in-lieu of services	3,637,547	3,874,364
Subdivision services	2,990,169	2,765,211
	23,796,592	24,290,064
Total reserve funds	40,117,752	39,378,797

11. CHARGES FOR NET LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities, which are reported on the "Consolidated Statement of Operations", are as follows:

	1986 $	1985 $
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	5,022,775	5,340,532
Interest	5,394,373	6,521,091
	10,417,148	11,861,623

The charges for long term liabilities assumed by the non-consolidated entities or by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these statements.

12. CONTINGENT LIABILITIES

As at December 31, 1986 there were pending legal actions against the City. The outcome at this time remains indeterminate in each case. In addition, there is a judgment against the City in the amount of $3,000,000 which is currently under appeal.

The Scarborough Board of Health has been named as a co-defendant with the Province of Ontario, together with others, in two Statements of Claim filed with the Supreme Court of Ontario. Since the Board is unable to determine the amount, if any, that it may be responsible for, the financial statements contain no provision for this claim nor the recovery, if any, that the Board may realize from its insurers. In addition, the Board intends to develop and vigorously defend against this action.

13. NONACCRUAL OF INTEREST ON LONG-TERM LIABILITIES

No provision has been made in these financial statements for the accrual of interest on the net long-term liabilities. Had this provision been made, the municipal fund balances as at December 31, 1986 would have been decreased by $715,377 (1985 - $744,697).

14. COMPARATIVE FIGURES

Certain of the comparative figures have been changed to conform with the current year's presentation.

In addition, the "Consolidated Balance Sheet" and the "Consolidated Statement of Operations" have been adjusted to reflect the inclusion of the Scarborough Historical Museums Board as part of the consolidated boards.

The effect of this change has been to increase the fund balance to be used to offset taxation or user charges at December 31, 1985 from $5,702,330 to $5,702,779.

SCHEDULE 1

CITY OF SCARBOROUGH
ANALYSIS OF CURRENT OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986

REVENUE	BUDGET 1986 $	ACTUAL 1986 $	ACTUAL 1985 $
TAXATION AND USER CHARGES			
Residential and farm taxation)		236,754,528	216,764,970
Commercial, industrial and) business taxation)	423,007,241	171,188,691	153,894,205
Taxation from other governments)		23,183,200	21,992,445
User charges	16,568,740	17,865,187	16,369,820
Deduct			
Amount received or receivable on the behalf of:			
The Municipality of Metropolitan Toronto	(101,128,872)	(103,389,391)	(96,230,871)
Metropolitan Toronto School Boards	(215,159,969)	(220,031,358)	(196,268,210)
GRANTS			
Government of Canada		47,440	152,499
Province of Ontario	21,742,900	20,996,789	20,599,013
Other municipalities	499,700	570,136	337,402
OTHER			
Investment income	5,415,000	6,928,176	6,204,550
Penalties, fines, others	1,630,000	1,288,973	1,824,736
Sale of land	-	1,242,671	419,144
NET MUNICIPAL REVENUE	152,574,740	156,645,042	146,059,703
EXPENDITURES			
General government	20,710,900	19,689,489	17,314,880
Protection to persons and property	30,749,600	30,500,809	28,159,205
Transportation services	30,180,000	29,201,659	28,451,863
Environmental services	16,981,700	16,567,109	16,307,248
Health services	8,332,400	8,018,940	7,580,520
Recreation and cultural services	37,748,400	37,360,259	37,366,233
Planning and development	5,549,300	5,336,968	5,396,633
Other	84,000	78,655	39,765
	150,336,300	146,753,888	140,616,347
NET APPROPRIATIONS TO OTHER FUNDS			
. reserves	250,000	250,000	250,000
. reserve funds	3,010,500	5,584,185	3,187,638
. capital operations	3,717,800	3,926,318	3,126,098
	6,978,300	9,760,503	6,563,736
	(4,739,860)	130,651	(1,120,380)
Fund Balance at the beginning of the year	4,739,860	5,702,779	6,823,159
Fund Balance at the end of the year	Nil	5,833,430	5,702,779

SCHEDULE 2

CITY OF SCARBOROUGH
ANALYSIS OF CAPITAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1986

	ACTUAL 1986 $	ACTUAL 1985 $
SOURCES OF FUNDS		
Long term liabilities incurred	2,915,123	2,939,224
Government of Canada grants	246,092	871,672
Province of Ontario grants	6,063,679	4,948,938
Other municipalities	68,454	291,423
Investment income	781,067	445,557
Other	38,984	119,735
Appropriations from other funds		
- Current operations	3,926,318	3,126,098
- Reserve funds	14,119,469	14,549,413
	28,159,186	27,292,060
EXPENDITURES		
General government	1,807,586	1,472,216
Protection to persons and property	455,083	1,110,418
Transportation services	9,350,754	9,108,741
Environmental services	8,443,983	9,475,650
Health services	1,126,632	4,492,847
Recreation and cultural services	1,513,742	2,518,251
Planning and development	1,613,420	852,911
	24,311,200	29,031,034
Unfinanced capital outlay at the beginning of the year	3,874,419	2,135,445
Unfinanced capital outlay at the end of the year	26,433	3,874,419

SCHEDULE 3

CITY OF SCARBOROUGH
ANALYSIS OF RESERVE AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1986

	1986 ACTUAL $	1985 ACTUAL $
RESERVES		
Balance at the beginning of the year	6,942,298	6,692,298
Appropriation from current operations	250,000	250,000
Balance at the end of the year	7,192,298	6,942,298
RESERVE FUNDS		
Balance at the beginning of the year	39,378,797	40,914,188
Revenue		
Contributions from developers	5,345,300	5,564,871
Interest earned	3,928,939	4,261,513
Net appropriation from revenue fund	5,584,185	3,187,638
	14,858,424	13,014,022
Expenditures		
Net appropriation to capital fund	14,119,469	14,549,413
	14,119,469	14,549,413
Balance at the end of the year	40,117,752	39,378,797

CITY OF SCARBOROUGH

TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1986

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AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of
the City of Scarborough

We have examined the trust funds balance sheet of the Corporation of the City of Scarborough, as at December 31, 1986, and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the trust funds for the Corporation of the City of Scarborough as at December 31, 1986, and the continuity of trust funds for the year then ended in accordance with accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 13, 1987.

CITY OF SCARBOROUGH

BALANCE SHEET - TRUST FUNDS

AS AT DECEMBER 31, 1986

	1986 $	1985 $
ASSETS		
Cash	100	100
Investments (Note 2)	1,272,570	1,036,992
Due from the City of Scarborough	51,976	-
Loans receivable		
Ontario Home Renewal Program	685,164	784,240
Securities held for subdividers	33,020,028	28,476,568
	35,029,838	30,297,900
LIABILITIES		
Due to the City of Scarborough	-	32,929
Balance - capital	35,029,838	30,264,971
	35,029,838	30,297,900

The accompanying notes are an integral part of this Financial Statement.

CITY OF SCARBOROUGH

STATEMENT OF CONTINUITY - TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1986

	Total $	Subdividers' Securities $	Cash-in-Lieu of Bonds $	Centennial Baby Fund $	Ontario Home Renewal Program $
Balance at the beginning of the year	30,264,971	28,476,568	322,738	1,511	1,464,154
RECEIPTS					
Capital receipts, subdividers' contribution	14,290,109	14,005,989	284,120		
Investment interest earned*	56,318			98	56,220
Ontario Home Renewal Plan - Interest earned on loans	32,590				32,590
	14,379,017	14,005,989	284,120	98	88,810
EXPENDITURES					
Ontario Home Renewal Program - Loans forgiven	54,178				54,178
- Direct charge for administration	2,601				2,601
Subdividers' contributions refunded	9,557,371	9,462,529	94,842		
	9,614,150	9,462,529	94,842	-	56,779
Balance at the end of the year	35,029,838	33,020,028	512,016	1,609	1,496,185

The accompanying notes are an integral part of this financial statement.

CITY OF SCARBOROUGH

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. ACCOUNTING POLICIES

The Trust Funds financial statements of the Corporation of the City of Scarborough are the representation of Management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

2. INVESTMENTS

a) The total of investments of $1,272,570 (1985 - $1,036,992) reported on the "Balance Sheet" at cost, have a market value of $1,298,541 (1985 - $1,044,685) at the end of the year.

b) The total investments reported on the "Balance Sheet" are consolidated for all of the Trust Funds reported on the "Statement of Continuity."

c) Interest on subdivider securities accrues directly to the depositer. Interest on cash-in-lieu of bonds accrues to the City.

SCARBOROUGH BOARD OF HEALTH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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AUDITORS' REPORT

To the Chairman and Members of the
Scarborough Board of Health,
Members of Council, Inhabitants
and Ratepayers of the City of Scarborough:

We have examined the balance sheet of the Scarborough Board of Health as at December 31, 1986, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1986, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells

Chartered Accountants

February 20, 1987.

SCARBOROUGH BOARD OF HEALTH

BALANCE SHEET

AS AT DECEMBER 31, 1986

	1986	1985
ASSETS		
CASH	$ 85	$ 60
ACCOUNTS RECEIVABLE		
City of Scarborough	244,937	25,070
	245,022	25,130
LIABILITIES		
FUND BALANCE - TO BE USED TO OFFSET TAXATION IN 1987	245,022	25,130
	$245,022	$25,130

APPROVED BY THE BOARD

Chairman

Medical Officer of Health

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH BOARD OF HEALTH

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986		1986
	Budget	Actual	Actual
	$	$	$
SOURCES OF FINANCING			
Municipal grant	4,660,870	4,660,870	4,150,949
Province of Ontario subsidy	3,463,000	3,384,729	3,123,596
Federal grant	-	-	1,777
Fees and service charges	91,400	95,827	106,846
Other	124,000	130,041	120,940
	8,339,270	8,271,467	7,504,108
EXPENDITURES			
Employees' earnings and related benefits	6,746,200	6,512,211	6,258,909
Supplies and other services	1,586,200	1,506,727	1,321,618
Contributions for capital expenditures	32,000	32,637	9,272
	8,364,400	8,051,575	7,589,799
EXCESS OF FINANCING OVER EXPENDITURES (EXPENDITURES OVER FINANCING)	(25,130)	219,892	(85,691)
FUND BALANCE, BEGINNING OF YEAR	25,130	25,130	110,821
FUND BALANCE, END OF YEAR	-	245,022	25,130

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH BOARD OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the board are the representations of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ontario Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Balance Sheet

The balance sheet reflects the assets and liabilities of the revenue fund. Certain assets and liabilities as noted below are not reflected.

All accounting transactions of the Board are recorded by the City of Scarborough and are extracted from City records for the preparation of financial statements. At year end, assets and liabilities (except for cash) are combined with similar items of the City and are not separately identified in preparation of the Board's balance sheet.

The item "Accounts Receivable - City of Scarborough" represents the balance of the municipal grant receivable at year end, together with the net amount of other assets and liabilities recorded in the accounting records of the City.

Fixed Assets

The Board does not capitalize purchases of fixed assets. Included in the expenditures are contributions for capital expenditures totalling $32,637. (1985 -$9,272.)

Fund Balance

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1986, is to be applied to reduce the Board's requisition for 1987.

Statement of Capital Operations

The capital operations of the Board have not been segregated as such information is readily determined from the information included with the statement of operations.

SCARBOROUGH BOARD OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1986

2. CONTINGENT LIABILITIES

The Scarborough Board of Health has been named as a co-defendant with the Province of Ontario, together with others, in two Statements of Claim filed with the Supreme Court of Ontario. Since the Board is unable to determine the amount, if any, that it may be responsible for, the financial statements contain no provision for this claim nor the recovery, if any, that the Board may realize from its insurers. In addition, the Board intends to develop and vigorously defend against this action.

SCARBOROUGH PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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AUDITORS' REPORT

To the Chairman and Members of the
Scarborough Public Library Board,
Members of Council, Inhabitants and
Ratepayers of the City of Scarborough:

We have examined the balance sheet of the Scarborough Public Library Board as at December 31, 1986, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1986, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 13, 1987.

SCARBOROUGH PUBLIC LIBRARY BOARD

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
ASSETS		
CASH	$ 586,041	$ 686,543
ACCOUNTS RECEIVABLE		
City of Scarborough	122,043	131,789
Other	12,114	782
PREPAID EXPENSE	46,643	54,994
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS (Note 1 (iv))	453,554	585,007
	$1,220,395	$1,459,115
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 331,575	$ 365,106
EMPLOYEES' DEDUCTIONS PAYABLE	174,621	294,069
NET LONG-TERM LIABILITIES (Note 4)	453,554	585,007
FUND BALANCES		
TO BE USED TO OFFSET TAXATION IN 1987 (Note 6)	287,755	215,328
CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED (Note 6)	(27,110)	(395)
	$1,220,395	$1,459,115

Approved by the Board:

Susan M Hunt Chairman

Peter J Bassett Director

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986				1985
	Revenue Fund		Capital Fund	Total	Total
	Budget	Actual	Actual	Actual	Actual
SOURCES OF FINANCING					
Grants					
Municipal	$ 10,810,600	$ 10,810,600	-	$ 10,810,600	$ 9,792,160
Provincial	1,052,700	1,052,820	-	1,052,820	1,010,384
Federal/Provincial grant programs	-	23,508	-	23,508	37,704
Levied charges	190,500	204,244	-	204,244	190,820
Recoverables	13,000	15,856	-	15,856	13,582
Bank interest, commissions and other	215,000	218,107	-	218,107	188,126
	12,281,800	12,325,135	-	12,325,135	11,232,776
EXPENDITURES					
Administrative support	3,728,200	3,633,679	2,746	3,636,425	3,124,624
Northern district	2,111,200	2,003,698	20,715	2,024,413	1,679,367
Southeast district	2,818,000	2,779,972	-	2,779,972	2,687,681
Southwest district	3,123,800	3,116,215	7,369	3,123,584	3,413,288
Special services	715,900	691,521	-	691,521	612,400
Federal/Provincial grant programs	-	23,508	-	23,508	37,704
	12,497,100	12,248,593	30,830	12,279,423	11,555,064
EXCESS OF FINANCING OVER (UNDER) EXPENDITURES	(215,300)	76,542	(30,830)	45,712	(322,288)
APPROPRIATIONS-net appropriations between funds	-	(4,115)	4,115	-	-
FUND BALANCES BEGINNING OF YEAR	215,300	215,328	(395)	214,933	537,221
FUND BALANCES END OF YEAR	$ Nil	$ 287,755	$(27,110)	$ 260,645	$ 214,933
TO BE USED TO OFFSET TAXATION (Note 6)				$ 287,755	$ 215,328
CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED (Note 6)				(27,110)	(395)
				$ 260,645	$ 214,933

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the board are the representations of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ontario Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Balance Sheet

The balance sheet reflects the assets and liabilities of the revenue fund and the capital fund. Certain assets and liabilities are not reflected as described in this note.

Statement of Operations

This statement reflects the sources of financing and expenditures of the revenue fund and the capital fund of the Board.

Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Fixed Assets
The historical cost and accumulated depreciation for fixed assets are not recorded for library board purposes. Fixed assets are reported as an expenditure on the statement of operations in the year of acquisition.

(iv) Capital Outlay to be Recovered in Future Years

"Capital Outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long-term liabilities for library capital expenditure, is reported on the balance sheet.

2. LIABILITY FOR VESTED SICK LEAVE CREDITS

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Board's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to $1,019,054. (1985 -$1,011,804.) at the end of the year. No provision has been made for this liability.

The cash payments required for anticipated normal retirements for the next three years are as follows:

1987	-	$60,510
1988	-	$ 1,311
1989	-	$19,616

3. LIABILITY FOR PAST SERVICE PROVISION OF PENSION AGREEMENTS

Under the past service provision of pension agreements, the Board is obligated at December 31, 1986, for an amount of approximately $575,971, as established for the plans. No provision has been made for this liability. This liability is being funded by annual payments of $52,361 each year to, and including, 1997.

4. NET LONG-TERM LIABILITIES

(a) The Board has assumed the responsibility for payment of principal and interest charges on long-term liabilities issued by the City of Scarborough for library purposes.

	1986	1985
At year end the outstanding principal amount of this liability is	$ 742,190	$1,164,014
The total value of sinking funds which have been accumulated to the end of the year to retire the outstanding long-term liabilities included above, amount to	(288,636)	(579,007)
	$ 453,554	$ 585,007

(b) The long-term liabilities reported above are payable as follows:

1987 to 1991 - $323,848
1992 to 1996 - $129,706

5. CHARGES FOR LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities which are included in the expenditures reported in the statement of operations are as follows:

	1986	1985
Principal payments including contributions to sinking funds	$103,226	$ 99,322
Interest	117,331	125,242
	$220,557	$ 224,564

6. LIBRARY BOARD FUND BALANCES AT THE END OF THE YEAR

(a) The balances of the "statement of operations" of the Library Board equity of $260,645 (1985 - $214,933) at the end of the year are comprised of the following:

	1986	1985
- for general reduction of taxation in 1987	$287,755	$215,328
- Capital operations not yet permanently financed.	(27,110)	(395)
	$260,645	$214,933

(b) Approval of the Ontario Municipal Board has been obtained for the pending issue of long term liabilities and for those commitments to be financed from revenues beyond the term of Council.

(c) The unfinanced capital outlay which amount to $27,110 at December 31, 1986 will be permanently financed by a transfer from the Debenture Debt Reduction Reserve Fund which is held by the City of Scarborough on behalf of the Scarborough Public Library Board.

7. NON ACCRUAL OF INTEREST ON LONG TERM LIABILITIES

No provision has been made in these financial statements for the accrual of interest on the net long term liabilities. Had this provision been made the library board fund balance as at December 31, 1986 would have been decreased by $14,658 (1985 - $18,210).

8. LEASE OBLIGATIONS

The Board has entered into various operating leases for equipment and premises. Such leases will require minimum payments which have been estimated to aggregate $897,668. Payments under such leases during the next five years are as follows:

1987 - $303,972
1988 - $176,375
1989 - $155,210
1990 - $145,946
1991 - $ 58,473

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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Chartered Accountants

Suite 900
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Scarborough, Ontario M1B 3C6
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AUDITORS' REPORT

To the Chairman and Members of the
Board of Management of The Birch
Cliff Village Business Improvement Area,
Members of Council, Inhabitants and
Ratepayers of the City of Scarborough:

We have examined the balance sheet of The Birch Cliff Village Business Improvement Area as at December 31, 1986, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Business Improvement Area as at December 31, 1986, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells

Chartered Accountants

February 10, 1987

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
ASSETS		
CASH	$ 1,636	$1,160
ACCOUNTS RECEIVABLE		
City of Scarborough	1,192	$ 3,585
Province of Ontario	-	1,932
Other	-	95
PREPAID EXPENSES	208	-
	$ 3,036	$ 6,772
LIABILITIES		
ACCOUNTS PAYABLE	$ 2,740	$ 1,382
	2,740	1,382
FUND BALANCE - TO BE USED TO OFFSET TAXATION IN 1987 (Note 2)	296	5,390
	$ 3,036	$ 6,772

APPROVED BY THE BOARD OF MANAGEMENT

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The accompanying notes are an integral part of this financial statement.

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986		1985
	BUDGET	ACTUAL	ACTUAL
	$	$	$
SOURCES OF FINANCING			
Taxation			
City of Scarborough - net of write-off of uncollectable amounts of $1,461 (1985 - $1,144)	8,610	7,919	14,243
Grants			
Province of Ontario		966	1,932
Other		-	1,418
	8,610	8,885	17,593
EXPENDITURES			
Beautification	11,500	12,725	10,904
Promotion	1,000	272	706
Administration	1,500	982	1,903
	14,000	13,979	13,513
EXCESS OF (EXPENDITURES OVER FINANCING) FINANCING OVER EXPENDITURES	(5,390)	(5,094)	4,080
FUND BALANCE, BEGINNING OF YEAR	5,390	5,390	1,310
FUND BALANCE, END OF YEAR (Note 2)	0	296	5,390

The accompanying notes are an integral part of this financial statement.

THE BIRCH CLIFF VILLAGE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Revenue

The Business Improvement Area records as revenue from the City of Scarborough amounts billed by the City on its behalf. The amount shown as receivable from the City represents amounts yet to be collected by the Municipality from the members of the Business Improvement Area.

Fixed Assets

The Business Improvement Area does not capitalize purchases of fixed assets. There are no equipment purchases included in the beautification expenditures in 1986 (1985 - $1,811.)

2. FUND BALANCE

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1986, is to be applied to reduce the Business Improvement Area's requisition for 1987.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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AUDITORS REPORT

To the Chairman and Members of the
Board of Management of The Cliffside
Village Business Improvement Area,
Members of Council, Inhabitants and Ratepayers
of the City of Scarborough:

We have examined the balance sheet of The Cliffside Village Business Improvement Area as at December 31, 1986, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Business Improvement Area as at December 31, 1986, and the results of its operations for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 11, 1987.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
ASSETS		
CASH	$ 1,410	$ 4,281
TERM DEPOSIT - Restricted	20,000	20,118
ACCOUNTS RECEIVABLE		
City of Scarborough	6,755	5,069
Other	58	1,022
	$28,223	$30,490
LIABILITIES		
ACCOUNTS PAYABLE	$ 3,205	$ 1,768
FUND BALANCE		
TO BE USED TO OFFSET TAXATION IN 1987 (Note 2)	5,018	28,722
RESERVE FUND - (Note 2)	20,000	-
	$28,223	$30,490

APPROVED BY THE BOARD OF MANAGEMENT

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The accompanying notes are an integral part of this financial statement.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986		1985
SOURCES OF FINANCING	BUDGET $	ACTUAL $	ACTUAL $
Taxation			
City of Scarborough - net of write-off of uncollectable amounts of $10,446 (1985 - $3,949)	61,278	57,824	38,503
Grants			
Government of Canada		459	10,922
Ontario Ministry of Housing		-	2,805
Contributions		-	10
Other		2,689	4,747
	61,278	60,972	56,987
EXPENDITURES			
Beautification	30,000	32,282	44,561
Special promotions	10,000	10,815	13,508
Administration	30,000	21,579	20,929
	70,000	64,676	78,998
EXCESS OF EXPENDITURES OVER FINANCING	(8,722)	(3,704)	(22,011)
FUND BALANCE, BEGINNING OF YEAR	28,722	28,722	50,733
TRANSFERRED TO RESERVE FUND (Note 2)	(20,000)	(20,000)	-
FUND BALANCE, END OF YEAR - Note 2	-	5,018	28,722

The accompanying notes are an integral part of this financial statement.

THE CLIFFSIDE VILLAGE BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Revenue:

The Business Improvement Area records as revenue from the City of Scarborough amounts billed by the City on its behalf. The amount shown as receivable from the City represents amounts yet to be collected by the Municipality from the members of the Business Improvement Area.

Fixed Assets:

The Business Improvement Area expenses the purchases of fixed assets.

2. FUND BALANCE

During the year ended December 31, 1986, the Business Improvement Area received approval from the Council of the City of Scarborough to transfer $20,000 of the Area's Fund Balance to a reserve fund for purposes of funding a portion of the participation in the Provincial Community Area Improvement Program.

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1986, is to be applied to reduce the Business Improvement Area's requisition for 1987.

3. COMMITMENTS

As part of the Cliffside Community Improvement Plan, the City of Scarborough has proposed to construct infrastructure and streetscape improvements as part of the Provincial Community Area Improvement Program at a cost of approximately $300,000.

The Business Improvement Area's contribution to this project will be $50,000 to be paid in three instalments in 1987 through 1989 in the amounts of $16,500, $16,500 and $17,000 respectively. The balance of the project will be funded through contributions by the City ($200,000) and the Province of Ontario ($50,000).

SCARBOROUGH HISTORICAL MUSEUMS BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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AUDITOR'S REPORT

To the Chairman and Members of the
Scarborough Historical Museums Board,
Members of Council, Inhabitants,
and Ratepayers of the City of Scarborough:

We have examined the balance sheet of the Scarborough Historical Museums Board as at December 31, 1986, and the statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1986, and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding period.

Deloitte Haskins + Sells.

Chartered Accountants

February 19, 1987

SCARBOROUGH HISTORICAL MUSEUMS BOARD

BALANCE SHEET

AS AT DECEMBER 31, 1986

	1986	1985
ASSET		
CASH	$ 11,822	$ 6,403
	$ 11,822	$ 6,403
LIABILITIES		
ACCOUNTS PAYABLE	$ 2,211	$ 5,955
FUND BALANCE (Note 2)	9,611	448
	$ 11,822	$ 6,403

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH HISTORICAL MUSEUMS BOARD

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986		1985 (NOTE 4)
	BUDGET $	ACTUAL $	ACTUAL $
SOURCES OF FINANCING			
City of Scarborough - operations	35,600	35,600	24,000
- housing	12,200	12,193	3,107
Scarborough Historical Society	1,200	614	836
Fees and services	2,500	2,397	2,368
Government of Ontario	4,000	13,423	-
Other	700	462	1,434
	56,200	64,689	31,745
EXPENDITURES			
Employees' earnings and related benefits	39,000	39,021	24,385
Supplies and other services (Note 3)	17,200	16,505	6,912
	56,200	55,526	31,297
EXCESS OF FINANCING OVER EXPENDITURES	-	9,163	448
FUND BALANCE, BEGINNING OF YEAR	-	448	-
FUND BALANCE, END OF YEAR (Note 2)	-	9,611	448

The accompanying notes are an integral part of this financial statement.

SCARBOROUGH HISTORICAL MUSEUMS BOARD

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Fixed Assets

The Board expenses the purchases of fixed assets.

2. FUND BALANCE

In accordance with the requirements of the Municipal Act, the fund balance at December 31, 1986, is to be applied to reduce the Board's requisition for 1987.

3. SUPPLIES AND OTHER SERVICES

Supplies and other services is made up of the following expenditures:

	1986	1985
Administration	$ 1,874	$ 1,430
Maintenance - General	315	267
- Housing	12,193	3,107
Curatorial	84	802
Conservation	396	196
Exhibits	31	141
Activities	514	298
Publicity	1,082	600
Other	16	71
	$ 16,505	$ 6,912

4. COMPARATIVE FIGURES

The comparative figures for 1985 represent the transactions from February 11, 1985 to December 31, 1985.

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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Auditors' Report

To the Commissioners, Members of Council,
Inhabitants and Ratepayers of the
City of Scarborough
The Public Utilities Commission of the
City of Scarborough - Water Utility:

We have examined the balance sheet of The Public Utilities Commission of the City of Scarborough - Water Utility as at December 31, 1986 and the statements of revenue and expenditure and accumulated net income, cash flow and continuity of reserve funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly include such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Water Utility as at December 31, 1986 and the results of its operations, the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Deloitte Haskins + Sells.

Chartered Accountants

February 27, 1987

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
	$	$
ASSETS		
CURRENT ASSETS		
Cash	2,047	1,911
Short-term deposits	3,046,573	3,257,359
Accounts receivable (Note 2(a))	2,632,734	1,934,484
Unbilled revenue	2,318,273	2,593,875
Inventories	398,737	398,215
Prepaid expense	8,214	2,000
	8,406,578	8,187,844
CAPITAL OUTLAY TO BE RECOVERED IN FUTURE YEARS	6,059	17,502
OTHER LONG-TERM ASSETS		
Reserve funds (Note 2(b))	1,710,517	1,586,118
Deferred charges	-	9,518
	10,123,154	9,800,982
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 2(c))	4,397,470	4,203,914
Deposits	676,920	504,644
	5,074,390	4,708,558
LONG-TERM DEBT (Note 2(d))	6,059	17,502
RESERVES	398,737	398,215
RESERVE FUNDS	1,710,517	1,586,118
ACCUMULATED NET INCOME INVESTED IN UTILITY PLANT OR HELD AS WORKING FUNDS	2,933,451	3,090,589
	10,123,154	9,800,982

Approved by the Commission: .....Commissioner

.....Commissioner

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED NET INCOME

YEAR ENDED DECEMBER 31, 1986

	1986	1985
	$	$
SERVICE REVENUE		
Residential	12,689,836	11,774,690
Commercial	14,081,100	12,589,013
Industrial	5,557,975	5,148,291
Construction	59,450	72,301
(Decrease) increase in unbilled revenue	(275,602)	542,024
	32,112,759	30,126,319
COST OF WATER PURCHASED	23,988,075	23,438,828
GROSS MARGIN ON SERVICE REVENUE	8,124,684	6,687,491
OTHER OPERATING REVENUE (Note 2(e))	504,880	494,879
	8,629,564	7,182,370
OPERATION AND MAINTENANCE EXPENSE		
Distribution (Note 2(f))	3,773,245	3,716,791
General administration (Note 2(g))	4,034,236	3,531,464
	7,807,481	7,248,255
INCOME (LOSS) BEFORE DEBENTURE INTEREST	822,083	(65,885)
DEBENTURE INTEREST	1,347	2,314
OPERATING INCOME (LOSS)	820,736	(68,199)
OTHER		
Debt retirement	11,444	12,430
Capital expenditure	1,375,079	1,462,432
(Contributions in aid of construction)	(409,171)	(460,859)
	977,352	1,014,003
(EXPENDITURE OVER REVENUE)	(156,616)	(1,082,202)
ACCUMULATED NET INCOME, BEGINNING OF YEAR	3,090,589	4,174,523
TRANSFER TO INVENTORY RESERVE	(522)	(1,732)
ACCUMULATED NET INCOME, END OF YEAR	2,933,451	3,090,589

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 1986

	1986	1985
	$	$
Cash provided by (used in) operating activities		
Earnings before extraordinary item	820,736	(68,199)
Amortization deferred charges	9,518	9,517
Net change in non-cash working capital balances related to operations (Note 5)	(63,552)	636,438
Cash provided by operating activities	766,702	577,756
Cash provided by (used in) investment activities		
Expenditure on capital works	(1,375,079)	(1,462,432)
Capital contributions received	409,171	460,859
	(965,908)	(1,001,573)
Cash provided by (used in) financing activities		
Repayment of long-term debt	(11,444)	(12,430)
	(11,444)	(12,430)
Net decrease in cash during year	(210,650)	(436,247)
Cash position, beginning of year	3,259,270	3,695,517
Cash position, end of year	3,048,620	3,259,270
Cash position comprises:		
Cash	2,047	1,911
Term deposits	3,046,573	3,257,359
	3,048,620	3,259,270

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

STATEMENT OF CONTINUITY OF RESERVES AND RESERVE FUNDS

YEAR ENDED DECEMBER 31, 1986

RESERVE FOR INVENTORIES

	1986 $	1985 $
BALANCE, BEGINNING OF YEAR	398,215	396,483
TRANSFER FROM ACCUMULATED NET INCOME	522	1,732
BALANCE, END OF YEAR	398,737	398,215

RESERVE FUNDS

	Trunk Watermain $	Water Impost $	Equipment Replacement $	1986 Total $	1985 Total $
BALANCE, BEGINNING OF YEAR	91,390	858,929	635,799	1,586,118	1,565,944
REVENUE					
Contributions from contractors and subdividers	258,826	49,863	-	308,689	414,117
Interest earned	11,104	105,648	-	116,752	102,509
Vehicle and equipment credits	-	-	267,659	267,659	155,805
	269,930	155,511	267,659	693,100	672,431
EXPENDITURES					
Contributions for capital expenditure	73,064	36,577	-	109,641	126,356
Inspection costs	186,600	-	-	186,600	254,009
Purchase of vehicles and equipment	-	-	272,460	272,460	271,892
	259,664	36,577	272,460	568,701	652,257
BALANCE, END OF YEAR	101,656	977,863	630,998	1,710,517	1,586,118

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

Inventories

Inventories consist of repair parts, supplies and materials held for future capital expansion and are valued at average cost.

Capital outlay to be recovered in future years

The historical cost and accumulated depreciation of fixed assets, are not reported. Instead, the "Capital outlay to be recovered in future years", which is equal in amount to the outstanding principal portion of unmatured long-term debt financed by the municipality, is reported on the balance sheet.

Reserve fund assets

Assets held for reserve funds are restricted as to use by Section 165 of the Municipal Act, Ontario (RSO.1980)

Long-term debt

Principal payments on long-term debt are included in debt retirement in the Statement of Revenue and Expenditure and Accumulated Net Income.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of revenue from sale of water

Service revenue is recorded on the basis of regular meter readings and estimates of unbilled customer usage since the last meter reading date to the end of the year. The volume and valuation of this unbilled water usage will vary at each year end due to seasonal temperature variation and increases in rates.

Sharing of joint operations

Under the authority of The Public Utilities Act, Ontario and By-Law 1009 of the Corporation of the City of Scarborough, the Commission is charged with the responsibility of operating two separate utilities to distribute water and electricity to customers in the City of Scarborough.

The Water Utility's operations are transacted through a common accounting system operated with the Electric Utility and distributed to the accounts of both utilities.

Costs which cannot be specifically assigned to one of the utilities are allocated on an established percentage to both. This percentage is established by measuring the cost incurred separately by each utility in such areas as customer classification, frequency and difficulty of billing, occupation of space and utilization of collecting, servicing, engineering, warehousing and fleet functions. The allocation arrived at is periodically reviewed and approved by Ontario Hydro.

Equipment replacement reserve fund

The equipment replacement reserve fund earns credits based on the use of vehicles and equipment in operations. These credits are transferred to the reserve fund in lieu of depreciation. The Utility anticipates that the replacement of its vehicles and equipment will be financed by the monies accumulated in the reserve fund.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

2. SUPPLEMENTARY FINANCIAL INFORMATION

	1986 $	1985 $
(a) Accounts receivable		
Residential, commercial and industrial accounts	1,684,627	1,538,748
Other	948,107	395,736
	2,632,734	1,934,484
(b) Reserve funds		
Cash	1,645,369	475,671
Investments - deposit receipts	630,998	1,107,486
Due to electrical utility	(135,116)	-
Due to water utility	(430,734)	
Accounts receivable and accrued interest	-	2,962
	1,710,517	1,586,118
(c) Accounts payable		
Water	3,974,288	3,686,569
Other	423,182	517,345
	4,397,470	4,203,914

(d) Long-term debt

Remaining principal payments due on long-term debt are as follows:

1987	5,736
1988	323
	6,059

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1986 $	1985 $
(e) Other Operating Revenue		
Interest	368,041	393,319
Late Payment Charges	65,324	51,452
Miscellaneous	71,515	50,108
	504,880	494,879
(f) Distribution - Operation and Maintenance		
Watermain Breaks	2,065,432	1,739,297
Watermain - other	66,963	51,546
Valves	328,200	563,023
Water Meters	439,838	501,249
Water Services	546,698	476,066
Consumer Premises	161,280	118,920
Miscellaneous	164,834	266,690
	3,773,245	3,716,791
(g) General Administration		
Billing	1,043,952	884,757
Information Resources	983,166	842,850
Rent	625,237	616,277
Customer Service	254,717	244,664
Collections	224,201	221,685
Miscellaneous	902,963	721,231
	4,034,236	3,531,464

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

WATER UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

3. COMMITMENTS

The Commission has a lease commitment for the provision of information processing services. The Water Utility's share of the minimum annual commitment will amount to approximately $276,000. In addition there are regular annual variable costs of approximately $298,000.

4. RELATED PARTY TRANSACTIONS

Charges for services provided to the City of Scarborough are made under the same terms and conditions as those used in the ordinary course of business, with the exception of the overhead charge on labour. This item is charged at a privileged rate extended only to government bodies.

5. STATEMENT OF CASH FLOW

The 1986 statement of cash flow focuses on changes in cash whereas the 1985 statement of changes in financial position focused on changes in working capital. The 1985 figures, presented for purposes of comparison, have been restated to conform to the 1986 presentation.

Net change in non-cash working capital balances related to operations comprises the following:

	1986 $	1985 $
(Increase) decrease in accounts receivable	(698,250)	146,354
(Increase) decrease in unbilled revenue	275,602	(542,024)
(Increase) decrease in inventories	(522)	(1,732)
(Increase) decrease in other assets	(6,214)	-
Increase (decrease) in accounts payable	193,556	826,534
Increase (decrease) in other liabilities	172,276	207,306
	(63,552)	636,438

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

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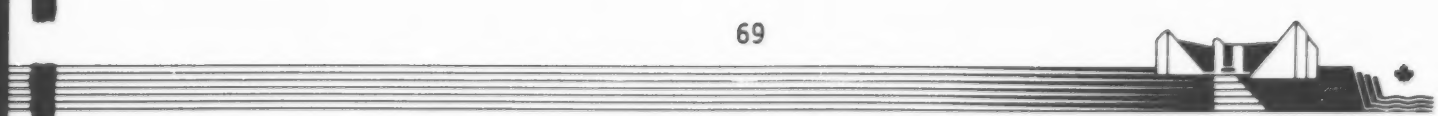

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Auditors' Report

To the Commissioners, Members of Council,
Inhabitants and Ratepayers of the
City of Scarborough
The Public Utilities Commission of the
City of Scarborough - Electric Utility:

We have examined the balance sheet of The Public Utilities Commission of the City of Scarborough - Electric Utility as at December 31, 1986 and the statements of operations, equity, cash flow and continuity of reserve funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Electric Utility as at December 31, 1986 and the results of its operations, the changes in its financial position and the continuity of its reserve funds for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on basis consistent with that of the preceding year.

Deloitte Haskins Sells.

Chartered Accountants

February 27, 1987

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

BALANCE SHEET

DECEMBER 31, 1986

	1986	1985
	$	$
ASSETS		
FIXED ASSETS (Note 2(a))	113,836,860	107,317,672
CURRENT ASSETS		
Cash and bank	2,194,796	388,103
Term deposits	9,817,357	5,627,430
Accounts receivable (Note 2(b))	11,910,096	12,020,239
Land held for resale at cost	-	630,870
Unbilled revenue	14,676,268	16,664,026
Inventories	5,597,057	5,590,134
Other current assets	90,466	81,685
	44,286,040	41,002,487
OTHER ASSETS		
Reserve funds (Note 2(c))	3,257,839	4,757,628
Unamortized debenture discount	5,235	16,725
Collateral funds (Note 3)	2,875,362	2,498,387
Deferred charges	-	13,697
	6,138,436	7,286,437
	164,261,336	155,606,596

	1986	1985
	$	$
LIABILITIES		
LONG-TERM DEBT (Note 2(d))	3,012,489	3,797,808
CURRENT LIABILITIES		
Accounts payable (Note 2(f))	16,108,243	17,295,775
Current portion of long-term debt	151,085	199,980
	16,259,328	17,495,755
OTHER LIABILITIES		
Long-term customer deposits	1,149,012	792,337
Collateral funds liability (Note 3)	2,875,362	2,498,387
Reserve funds	3,257,839	4,757,628
	7,282,213	8,048,352
DEFERRED CREDITS		
Contributions in aid of construction	16,955,026	13,821,954
Amortization to date	(1,886,507)	(1,344,591)
	15,068,519	12,477,363
UTILITY EQUITY	122,638,787	113,787,318
	164,261,336	155,606,596

Approved by the Commission:

.....Commissioner

.....Commissioner

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1986

	1986	1985
SERVICE REVENUE	$	$
Residential	58,553,457	51,821,689
Commercial	73,480,290	64,302,440
Industrial	38,332,831	34,648,610
Large user	14,500,071	13,901,760
Street lighting	1,579,446	1,500,185
(Decrease) increase in unbilled revenue	(1,987,758)	3,793,321
	184,458,337	169,968,005
COST OF POWER PURCHASED	158,877,915	146,773,985
GROSS MARGIN ON SERVICE REVENUE	25,580,422	23,194,020
OTHER OPERATING REVENUE (Note 2(g))	4,064,908	4,011,045
	29,645,330	27,205,065
OPERATION AND MAINTENANCE EXPENSE		
Distribution (Note 2(h))	6,600,054	6,104,182
Utilization (Note 2(i))	626,169	597,640
Billing and collecting	4,270,265	3,812,294
General administration	3,346,036	2,824,485
Depreciation (Note 2(j))	5,907,950	5,411,976
Amortization of contributions in aid of construction	(541,915)	(416,674)
	20,208,559	18,333,903
INCOME BEFORE FINANCIAL EXPENSE	9,436,771	8,871,162
FINANCIAL EXPENSE		
Interest (Note 2(k))	1,377,111	1,430,333
Income from sinking fund	(791,809)	(695,860)
	585,302	734,473
NET INCOME	8,851,469	8,136,689
APPROPRIATION OF NET INCOME		
For debt retirement	834,214	878,756
For accumulated net income	8,017,255	7,257,933
	8,851,469	8,136,689

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF EQUITY

YEAR ENDED DECEMBER 31, 1986

	1986	1985
	$	$
ACCUMULATED FROM CAPITAL SOURCES		
Debt retirement		
Balance, beginning of year	21,413,278	20,534,522
Debt instalments and sinking fund deposits paid during year	834,214	878,756
Balance, end of year	22,247,492	21,413,278
Contributions in aid of construction prior to January 1, 1980	11,302,125	11,302,125
	33,549,617	32,715,403
ACCUMULATED NET INCOME		
Balance, beginning of year	81,071,915	73,813,982
Appropriation of net income for year	8,017,255	7,257,933
Balance, end of year	89,089,170	81,071,915
TOTAL UTILITY EQUITY	122,638,787	113,787,318

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 1986

	1986	1985
	$	$
Cash provided by (used in) operating activities		
Earnings before extraordinary item	8,851,469	8,136,689
Add charges to operations not requiring a current cash payment		
Amortization of deferred charges	13,697	32,977
Depreciation (Note 2(j))	6,388,354	5,798,274
Less Amortization of contributed capital	(541,915)	(416,674)
	14,711,605	13,551,266
Net change in non-cash working capital balances related to operations (Note 7)	1,476,640	(4,408,790)
Cash provided by operating activities	16,188,245	9,142,476
Cash provided by (used in) investment activities		
Additions to fixed assets	(12,907,542)	(10,189,905)
Capital contributions received (Note 2(l))	3,133,071	2,363,017
(Increases) decreases in other non-current balance sheet items	368,165	242,759
	(9,406,306)	(7,584,129)
Cash provided by (used in) financing activities		
Repayment of long-term debt	(785,319)	(822,903)
	(785,319)	(822,903)
Net increase in cash during the year	5,996,620	735,444
Cash position, beginning of year	6,015,533	5,280,089
Cash position, end of year	12,012,153	6,015,533
Cash position comprises:		
Cash	2,194,796	388,103
Term deposits	9,817,357	5,627,430
	12,012,153	6,015,533

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

STATEMENT OF CONTINUITY OF RESERVE FUNDS

YEAR ENDED DECEMBER 31, 1986

	Underground Lines and Transformers	Street Lighting	Street Lighting Cash Settlements	1986 Total	1985 Total
	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	3,746,792	920,916	89,920	4,757,628	4,561,240
REVENUE					
Subdividers' contributions	1,509,009	660,466	57,271	2,226,746	3,816,206
	5,255,801	1,581,382	147,191	6,984,374	8,377,446
EXPENDITURES					
Services installed for subdividers	-	695,303	-	695,303	1,312,002
Contributions in aid of construction (Note 2(1))	2,931,987	-	-	2,931,987	2,219,324
Transferred to municipality	-	-	99,245	99,245	88,492
	2,931,987	695,303	99,245	3,726,535	3,619,818
BALANCE, END OF YEAR	2,323,814	886,079	47,946	3,257,839	4,757,628

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles for municipal electrical utilities in Ontario as required by Ontario Hydro under the authority of Section 96 of The Power Corporation Act (RSO. 1980) and reflect the following policies as set forth in the Manual "Accounting for Municipal Electrical Utilities in Ontario".

Fixed assets and depreciation

Fixed assets are stated at cost and along with the related accumulated depreciation are removed from the accounts at the end of their estimated average service lives except in those instances where specific identification allows their removal at retirement or disposition. Gains or losses at retirement or disposition are credited or charged to miscellaneous income.

Depreciation is provided for on the straight-line basis over the useful life of the various assets as required by the Manual. Depreciation rates are substantially as follows:

Buildings	1.67% - 3.33%
Transmission and distribution plant	2.50% - 4.00%
Equipment, furniture and rolling stock	6.67% - 25.00%

Repairs and maintenance expenditures are charged to operations.

Inventories

Inventories consist of repair parts, supplies and material held for future capital expansion and are valued at average cost.

Reserve fund assets

Assets held for reserve funds are restricted as to use by Section 165 of The Municipal Act, Ontario (RSO. 1980).

Unamortized debenture discount

Discounts, premiums and expenses on issue of debentures are charged to operations on a straight-line basis over the term of the respective debentures.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term debt

Principal payments on long-term debt are recorded as an appropriation of net income on the statement of operations.

Excess earnings on sinking fund debentures

Earnings of the sinking fund debentures, which are in excess of the amount which will be required to repay the principal, are recorded as receivable in the year earned. Application of these earnings is restricted by The Municipal Act, Ontario and in accordance with the Act, the excess earnings are applied to reduce the annual debt charges.

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions toward the cost of constructing Commission assets such as the installation of underground distribution lines and services in new subdivisions. Contributions received after 1980 are recorded as deferred credits and amortized to income over the life of the asset. Contributions received prior to January 1, 1980 are considered a permanent part of equity and will not be amortized.

Recognition of revenue from sale of electricity

Service revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the month. The volume and valuation of this unbilled electricity usage will vary at each month end due to seasonal temperature variation and increases in sales rates.

Translation of foreign currencies

Long-term debt payable in United States dollars is recorded at the U.S. dollar equivalent at the time that the debenture debt was issued. No conversion has been made into the Canadian dollar equivalent at the exchange rate prevailing at December 31. Foreign exchange applicable to debt principal and interest payments is included in financial expenses as incurred.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Sharing of joint expenses

Under the authority of The Public Utilities Act, Ontario and By-Law 1009 of the Corporation of the City of Scarborough, the Commission is charged with the responsibility of operating two separate utilities to distribute electricity and water to customers in the City of Scarborough.

The Electric Utility's operations are transacted through a common accounting system operated with the Water Utility and distributed to the accounts of both utilities.

Costs which cannot be specifically assigned to one of the utilities are allocated on an established percentage to both. This percentage is established by measuring the cost incurred separately by each utility in such areas as customer classification, frequency and difficulty of billing, occupation of space and utilization of collecting, servicing, engineering, warehousing and fleet functions. The allocation arrived at is periodically reviewed and approved by Ontario Hydro.

2. SUPPLEMENTARY FINANCIAL INFORMATION

	1986 $	1985 $
(a) Fixed assets		
Land	1,890,768	1,887,529
Buildings	14,353,922	14,008,815
Distribution system	137,001,866	126,509,201
Other capital assets	11,981,133	10,714,928
	165,227,689	153,120,473
Accumulated depreciation	(51,390,829)	(45,802,801)
	113,836,860	107,317,672
(b) Accounts receivable		
Electrical energy		
Residential	4,206,644	2,618,198
All other	5,446,308	6,370,711
Sundry	2,528,861	3,267,198
	12,181,813	12,256,107
Allowance for doubtful accounts	(271,717)	(235,868)
	11,910,096	12,020,239

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1986	1985
(c) Reserve funds	$	$
Assets held for reserve funds consist of the following:		
Cash	-	3,933
Term deposits	2,221,610	3,899,482
Accounts receivable	1,036,229	854,213
	3,257,839	4,757,628
(d) Long-term debt		
Debentures financed by the municipality	11,256,617	11,268,317
Current value of sinking fund (Note 2(e))	(8,093,043)	(7,270,529)
	3,163,574	3,997,788
Payments due in one year	(151,085)	(199,980)
	3,012,489	3,797,808

The debentures and loans bear various interest rates and due dates and are payable over various periods up to thirteen years.

Payments due in the next five years are as follows (assuming no further reductions due to excess earnings):

1987	$151,085
1988	151,085
1989	138,318
1990	138,318
1991	138,318

Included in the debentures is an amount of $4,820,631 payable in United States dollars. If the liability were converted to Canadian dollars at the exchange rate prevailing at December 31 the liability would be increased by $1,834,250.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1986 $	1985 $
(e) Sinking fund deposits		
Sinking fund deposits contributed by the utility during the year	188,279	244,964
Accumulated earnings of sinking fund, end of year	2,621,795	1,987,561
Sinking fund on deposit with trustee	8,093,043	7,270,529
(f) Accounts payable		
Electricity	13,375,669	13,788,307
Other	2,732,574	3,507,468
	16,108,243	17,295,775
(g) Other operating revenue		
Water heater rentals	723,019	680,859
Premises and other rentals	1,224,983	1,201,080
Late payment charges	725,464	626,052
Interest	1,065,746	1,030,659
Miscellaneous	325,696	472,395
	4,064,908	4,011,045
(h) Distribution - operation and maintenance		
Substation equipment	1,285,574	1,200,660
Overhead lines	2,816,524	2,575,787
Underground lines	1,330,688	1,155,566
Transformers	368,026	366,800
Meters	799,242	805,369
	6,600,054	6,104,182
(i) Utilization - operation and maintenance		
Customer premises	380,592	394,028
Customer relations	245,577	203,612
	626,169	597,640

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

2. SUPPLEMENTARY FINANCIAL INFORMATION (continued)

	1986 $	1985 $
(j) Depreciation expense		
Included in overhead costs and other expenditure classifications	480,404	386,298
Shown separately	5,907,950	5,411,976
	6,388,354	5,798,274
(k) Interest expense		
Debentures	1,012,137	1,013,165
Other interest	364,974	417,168
	1,377,111	1,430,333
(l) Contributions in aid of construction		
Transferred from reserve funds	2,931,987	2,219,324
Contributions from other sources	201,084	143,693
	3,133,071	2,363,017

3. COLLATERAL FUNDS

The Collateral funds liability consists of cash deposits from customers held as a guarantee against possible default in payment of energy billings. The asset account represents investments designated to cover the actual liability.

THE PUBLIC UTILITIES COMMISSION OF THE CITY OF SCARBOROUGH

ELECTRIC UTILITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1986

4. EQUITY IN ONTARIO HYDRO

Included in the cost of electrical energy purchased from Ontario Hydro are amounts required to cover debt principal repayments of the Corporation. The amounts paid by the Utility are deemed to have accumulated an equity in Ontario Hydro totalling $76,392,452 as at December 31, 1985, the latest year for which information is available. Reference to this equity is made only in a note to the financial statements since no proprietary interest exists.

5. COMMITMENTS

The Commission has a lease commitment for the provision of information processing services. The Electric Utility's share of the minimum annual commitment will amount to approximately $396,000. In addition there are regular annual variable costs of approximately $430,000.

6. RELATED PARTY TRANSACTIONS

During the year, the Utility provided electrical energy (at a rate approved by Ontario Hydro) and maintained the street lighting system for the City of Scarborough. The cost of maintenance charged to the City was $1,058,160 (1985 - $838,339), and was billed under the same terms and conditions as those used in the ordinary course of business, with the exception of the overhead charge on labour. This item was billed at a privileged rate extended only to government bodies.

7. STATEMENT OF CASH FLOW

The 1986 statement of cash flow focuses on changes in cash whereas the 1985 statement of changes in financial position focused on changes in working capital. The 1985 figures, presented for purposes of comparison, have been restated to conform to the 1986 presentation.

Net change in non-cash working capital balance related to operations comprises the following:

	1986 $	1985 $
(Increase) decrease accounts receivable	741,013	(3,793,321)
(Increase) decrease in unbilled revenue	1,987,758	(813,087)
(Increase) decrease in inventory	(6,923)	(859,135)
(Increase) decrease in other assets	(8,781)	23,591
Increase (decrease) in accounts payable	(1,236,427)	1,033,162
	1,476,640	(4,408,790)